

## **Extended Employment Sheltered Workshops in Missouri**

Missouri sheltered workshops are different from shops in many other states, because they depend heavily on contracted work, and the revenue from that work, to maintain operations. They are actually small businesses employing individuals with disabilities. On the average, workshop contract (sales) revenue accounts for 70-80% of workshop revenue, government assistance 10-24%, and the balance from other grants, donations, and contributions. Because of the dependency on contract revenue, Missouri workshops readily respond to customer needs relating to quality, and turn-around time. Jobs performed include packaging (bagging, shrink wrapping, blister packaging, skin packaging, boxing), assembly (simple to complex), marketing and public relations services (collating, stuffing, and sorting mailings), products (pallets, wire spools, first aid kits, poultry watering systems, office products, furniture items, etc.). Services are also provided by workshops including, janitorial work, grounds maintenance, commercial laundry operations, microfilming, to mention a few. Workshops also provide work crews that work in customer facilities.

Each workshop is a not-for-profit corporation overseen by a volunteer board of directors. Board members include local business people, educators, lawyers, accountants, and family members of employees. The board determines the long-term goals and objectives for a given shop and hires an operational manager for the day-to-day operations.

Each workshop has a special certificate from the Department of Labor that allows it to pay commensurate wages. Workshop employees are paid based on their ability to perform in relation to the performance of a person without a disability. If an employee produces 50% of what a non-disabled person produces, then they receive 50% of what that person is paid (i.e., if the prevailing wage for that job is \$7 per hour, the employee receives \$3.50 per hour). These procedures are checked frequently by the Department of Labor.

The costs of operations for workshops are high. Workshops do not receive the same production per person per hour as a business hiring non-disabled workers receives. In the example above a person with a disability that works at a 50% productivity level takes 2 hours to produce what a non-disabled person would produce in 1 hour, so the cost for the same amount of work is still \$7. Overhead costs are actually higher for workshops because of the increased supervision needed. State aid helps offset these additional overhead costs. Workshops must depend on quality, flexibility, and a large workforce to sell their services. What workshops can offer for their customers is a dependable workforce without the problems associated with direct personnel management.

Some workshops have their own sales representatives who call on local businesses to make them aware of the services the workshop can provide. Other workshops have joined together in cooperative arrangements to share sales people, and still others depend on the manager to do the sales work. Much of a workshop's business is repeat business, or word of mouth, from satisfied customers.

There are 93 workshop corporations located around the state of Missouri. These shops provide employment for approximately 7500-8000 people with disabilities (per year) and approximately 900 non-disabled staff.

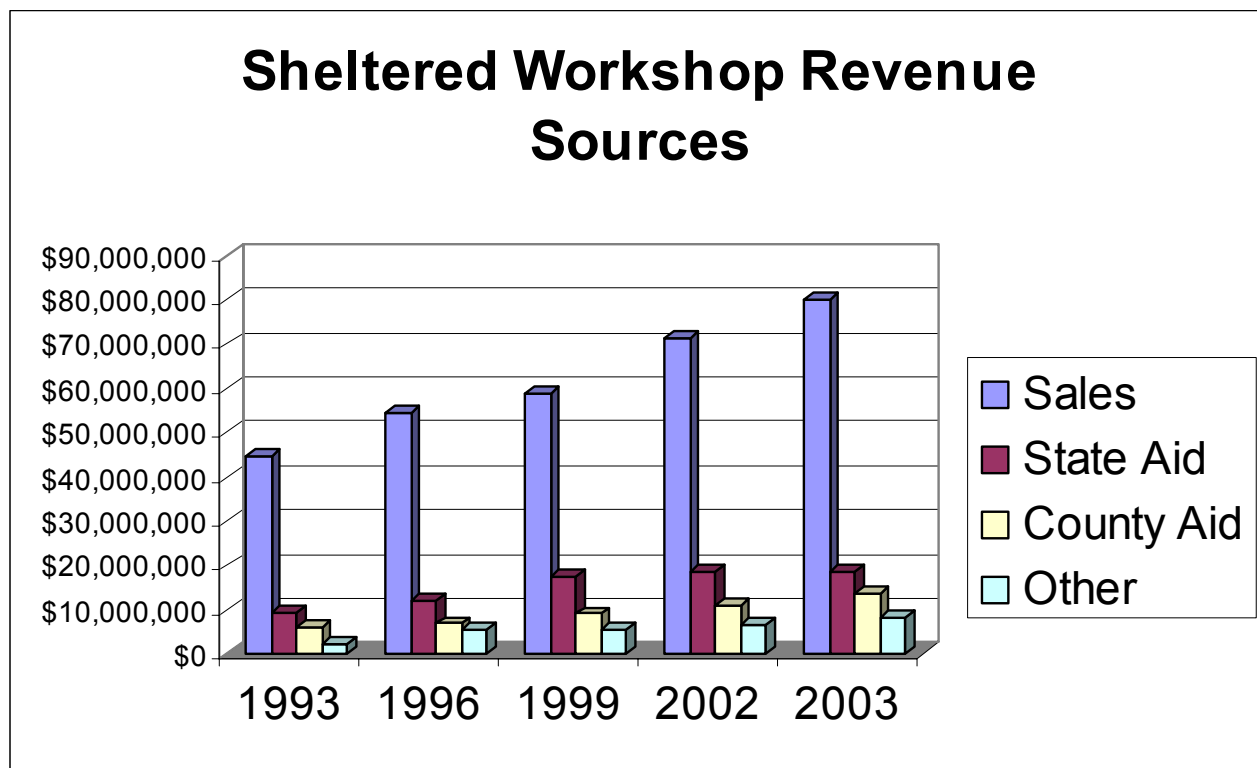
The majority of workshop employees are mentally retarded, or developmentally disabled. Other common disabilities include mental illness, head injury, blindness, deafness, seizure disorders, and physical disabilities. Prior to being hired for employment in the workshop, people must be assessed

by an Extended Employment Certification Specialist who will certify that they are not able to work in a competitive environment at this time.

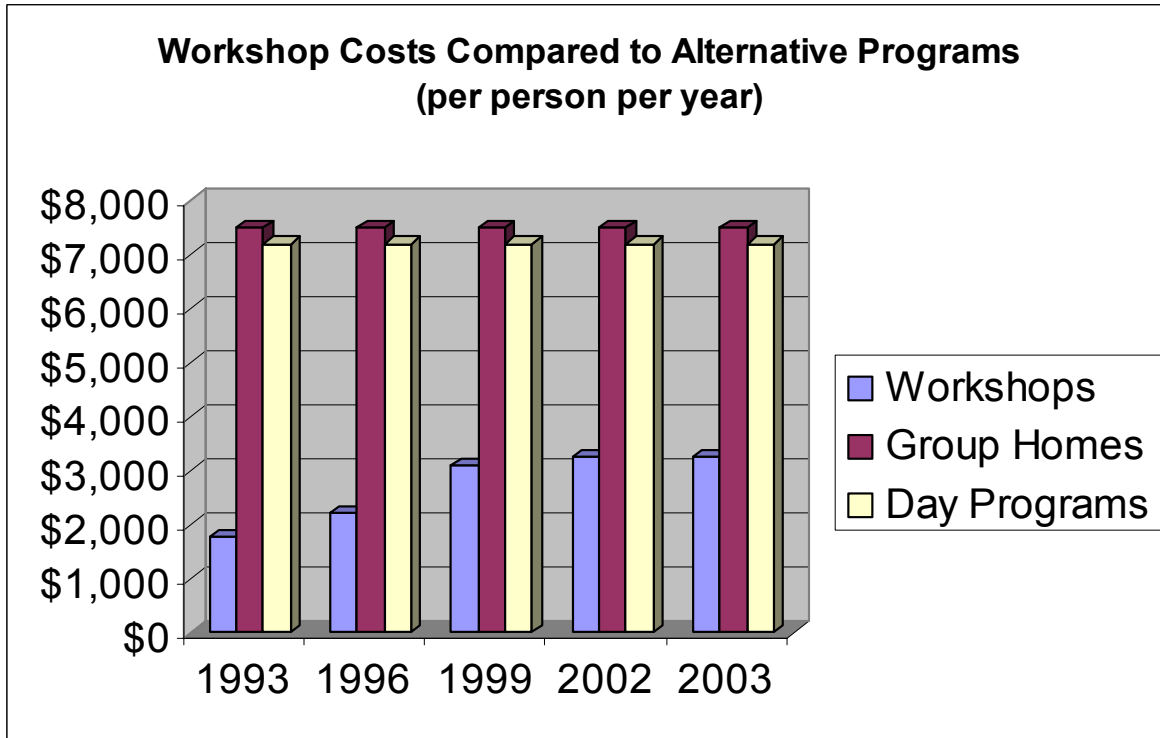
Besides the obvious, providing employment, especially for people with disabilities, workshops also put money back into the community. Payroll, purchase of goods and services, and participation in community affairs are a few of ways that workshops contribute to the community. Last year (FY03), Missouri workshops paid approximately \$114,000,000 back into their communities, providing a significant contribution to the commerce of those communities.

The workshop program is extremely cost effective for the taxpayer. General revenue contributions are less than half of alternative day programs. People with disabilities are offered the opportunity to be contributing members of the community, and they do this by generating significantly more revenue than is contributed by the state. In FY03 workshop employees generated \$4.34 in sales production for every \$1 in state aid. In return employees with disabilities gain a sense of self worth, confidence, work experience, a social environment they are comfortable with, and the knowledge that they are contributing to the economic community.

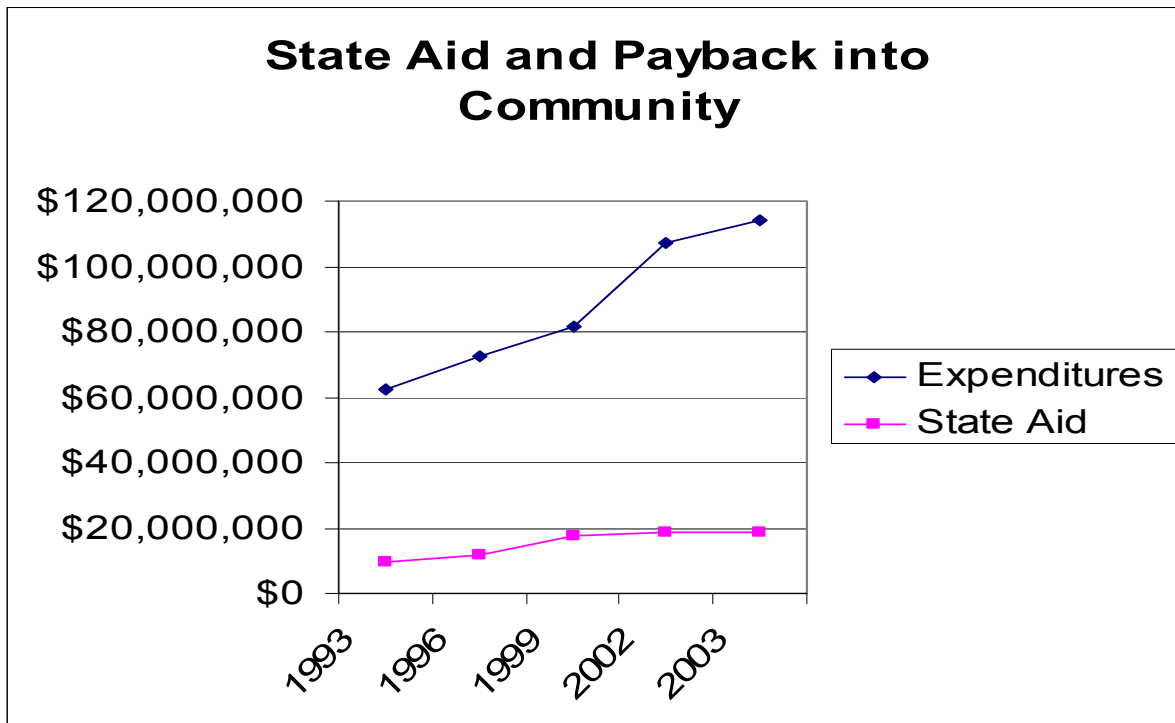
Comparison of sheltered workshop revenue sources:



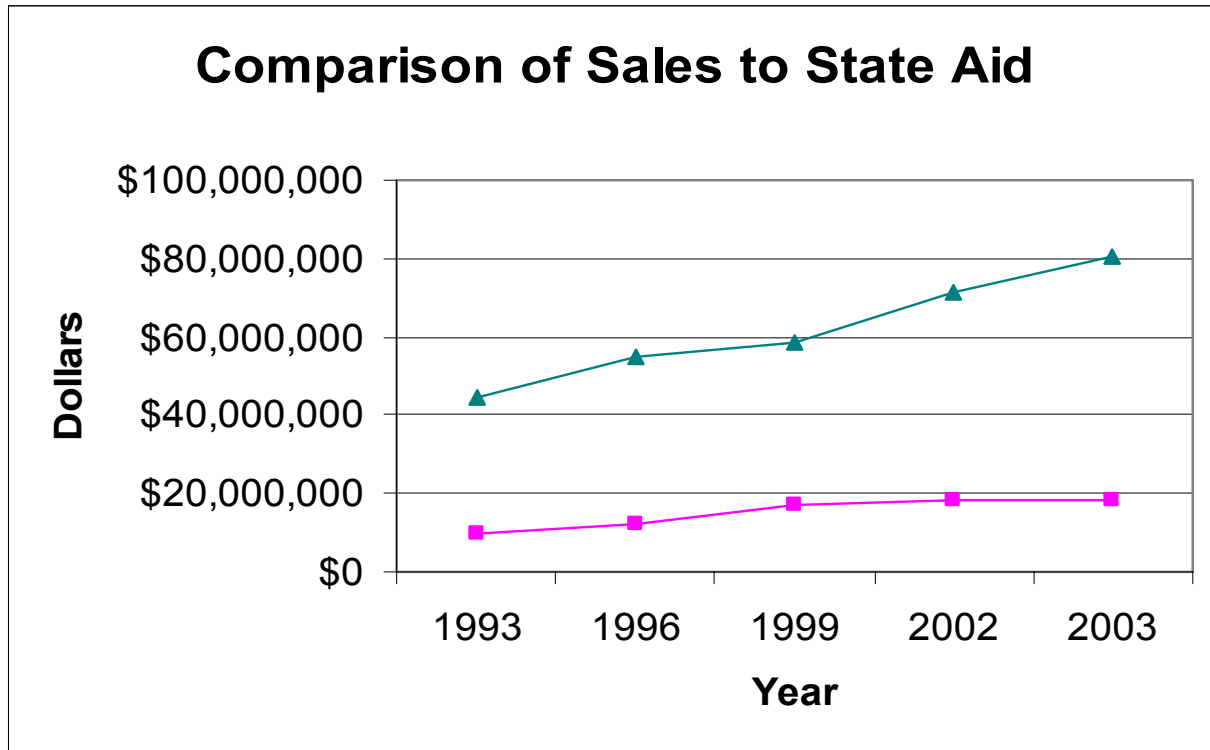
Comparison of sheltered workshop costs and alternative programs (state assistance):



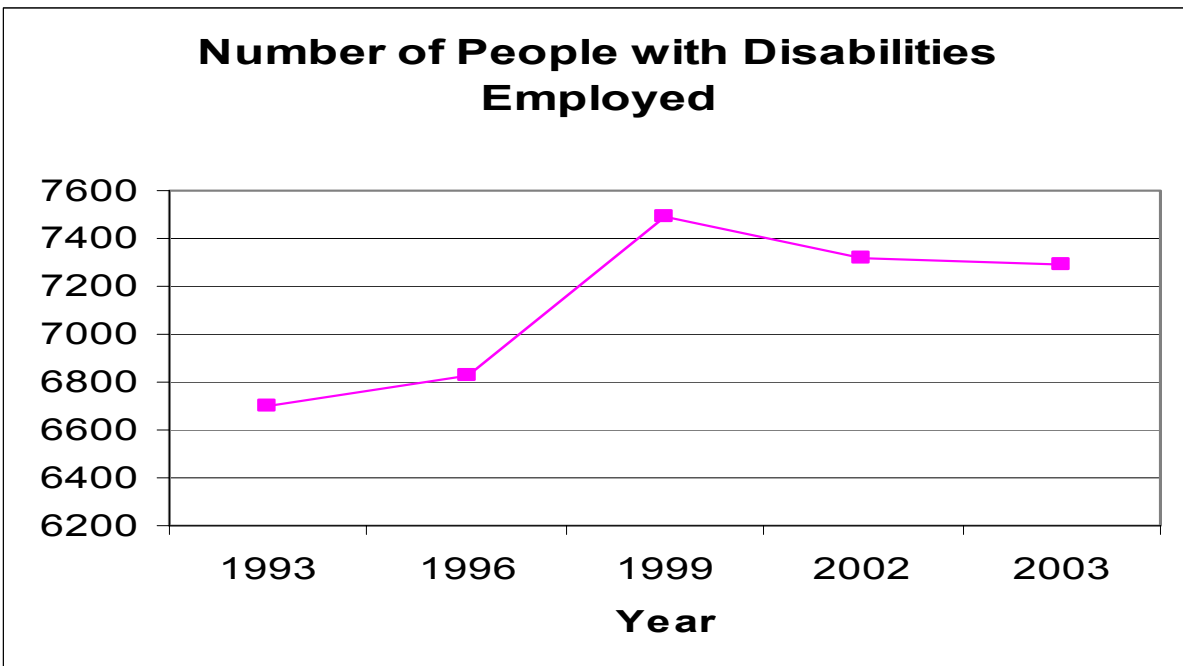
State contribution compared to payback to the community:



Comparison of workshop sales to state aid:



Number of people with disabilities employed:



This is a fixed number at year end. More are employed but due to attrition the fixed number dropped. Many shops are not hiring currently due to shortfalls in state aid and the economy.

Employee gross pay:

